



Sustainable Finance Solutions

Statement of Alignment to the Principles and
Guidelines for ESG Ratings and Data Products
Providers by the Japanese FSA

Introduction to ICE Sustainable Finance Solutions

ICE Sustainable Finance Data Solutions provides a range of environmental, social and governance (ESG) related data on over 10,000 companies, spanning over 550 data points such as board diversity metrics, emissions reductions targets and multiple types of emissions figures, as well as supporting analytics solutions (SF data and tools). ICE's SF data and tools provide a comprehensive view of ESG issues across the market that help our clients uncover opportunities, manage risk, and provide transparency to their respective clients.

There are three key areas within ICE Sustainable Finance data and tools that provide estimations:

- ICE Climate Physical Risk data applies geospatial climate, economic and demographic data to specific U.S municipalities, MBS pools and related fixed income securities. The ICE ESG Geo-Analyzer Tool, a front-end user analytics interface, enables data-driven insights for location-linked assets, where users can analyze climate and social features, risk, and demographic metrics surrounding specific locations within continental United States.
- ICE Climate Transition Finance (CTF) provides granular emissions and targets company data assisting corporates and financial institutions to understand and navigate the climate transition landscape. The dataset is made available through SFTP or API. The ICE Climate Transition Analytics (CTA) tool, a front-end analytics user interface, combines climate data and science-aligned analytics at a company, sector, and portfolio level.
- ICE ESG Company Data provides granular data on companies that is collected, and quality controlled by ICE, to offer continuously updated information on ESG risks and opportunities. The data covers a comprehensive set of datapoints such as greenhouse gas (GHG) emissions, board, and workforce diversity. A proprietary security mapping service allows the data to be available across a broad range of fixed income and equity securities. Choose from a variety of delivery options including file based, or API to systematically deliver data into your investment processes.

In addition to these solutions, ICE's SF data and tools offer certain ESG rating and access to third party data products, including Bank of America (BofA) ESGMeter™, a quantitative assessment, created by Bank of America using ICE's ESG Company Data, which rates a company's ESG performance relative to its peer group. ICE considers third-party generated offerings to be outside the scope of our adherence with the Japanese FSA ("JFSA") code of conducts for ESG ratings/data providers. We make our third parties' methodology documentation available to clients upon request, and can help facilitate discussions directly with the creator of the content as necessary. In summary, the ICE's statements below do not apply to offerings created by third parties.

About ICE

Intercontinental Exchange, Inc. is a Fortune 500 company and provider of marketplace infrastructure, data services, and technology solutions to a broad range of customers including financial institutions, corporations, and government entities. ICE operates regulated marketplaces, including the New York Stock Exchange, for the listing, trading, and clearing of a broad array of derivatives contracts and financial securities across major asset classes. Its comprehensive data services offering supports the trading, investment, risk management, and connectivity needs of customers around the world and across asset classes. As a leading technology provider for the U.S. residential mortgage industry, ICE Mortgage Technology provides the technology and infrastructure to transform and digitize U.S. residential mortgages, from application and loan origination through to final settlement.

ICE Data Services refers to a group of products and services offered by certain Intercontinental Exchange, Inc. companies, and is the marketing name used for ICE Data Services, Inc. and its subsidiaries globally, including ICE Data Pricing & Reference Data, LLC, ICE Data Services Europe Limited, and ICE Data Services Australia Pty Ltd. ICE Data Services offers end-to-end solutions for information, analytics, index services and connectivity with a range of proprietary data tools for global markets across fixed income, equities, commodities, FX, options, as well as the services provided under ICE Sustainable Finance Data Solutions.

To learn more about ICE Sustainable Finance Data please visit: <https://www.ice.com/data-services/sustainable-finance-data>

Background to the JFSA Code of Conduct for ESG Providers

In December 2022, the JFSA finalized its code of conduct guidelines (“Code”),¹ following the Board of the International Organization of Securities Commissions (“IOSCO”) issuance of its Final Report for Environmental, Social and Governance (ESG) Ratings and Data Products Providers² that aims to promote clarity, transparency and improved communication for ESG ratings and data products between providers and market participants. Below we have described ICE’s efforts to adhere to the principles outlined in the JFSA code.

¹ <https://www.fsa.go.jp/news/r4/singi/20221215/02.pdf>

² Available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf>

Principles & Guideline Summary

1. *Securing Quality*

ESG evaluation and data providers should strive to ensure the quality of ESG evaluation and data they provide. The basic procedures necessary for this purpose should be established.

Guideline 1.1: For formulating and providing ESG evaluation and data, establishing necessary procedures to analyze in detail information that can be reasonably obtained.

ICE has established quality control procedures to conduct an in-depth analysis of the quality of information that can be reasonably obtained for its SF data and tools.

Guideline 1.2: Establishing cross-organizational and continuously applied methodologies to provide high-quality ESG evaluation and data, and disclosing it while paying attention to confidentiality, intellectual property, etc.

ICE has well-established methodologies that it endeavors to apply consistently across our suite of SF data and tools. ICE reviews its methodologies at least annually and updates them as necessary. Information on changes is provided to clients as appropriate through communication channels such as client advisories.

Guideline 1.3: In order to ensure that the prescribed methodologies are applied consistently across the organization, disseminating them throughout the organization, as well as devising measures, such as horizontally reviewing under an appropriate system, or accumulating and sharing knowledge of evaluations to be provided.

ICE has controls in place to ensure that our methodologies are applied consistently across the organization for our SF data and tools. In addition, regular meetings across the SF line of business, including town halls and monthly training sessions, are held to share knowledge of our processes.

Guideline 1.4: Checking on a regular basis whether there would be any apparent discrepancy between the evaluation results and the service provision methodologies mentioned above, and updating methodologies as necessary (implementation of the PDCA cycle for evaluations).

ICE has controls in place to compare its SF data and tools outputs with its methodologies. ICE reviews its methodologies at least annually and updates them as necessary based on our internal quality controls and client feedback. This review includes monitoring regulatory, policy, and science-based industry trends and developments, as appropriate.

Guideline 1.5: Managing ESG evaluation methodologies and data on a continuous basis, checking or updating them regularly, and disclosing when the input data is usually obtained or updated by the providers (if evaluation and data items are diverse or of great numbers, doing this in a reasonable scope and manner, such as by consolidating or limiting the scope, taking into account their importance and usefulness based on user needs).

ICE methodologies, applicable to our SF data and tools, are applied continuously and consistently in line with our methodology documentation and procedures. ICE monitors for updates to reported input data and its SF data and tools as appropriate.

Guideline 1.6: In cases where ESG evaluation and data providing services are outsources, taking necessary measures for the quality of ESG evaluation and data to be ensured including the outsourced party, such as, as necessary and depending on the nature and importance of the outsourced service, requesting the outsourced party to comply with 1. through 5. above.

ICE engages with its vendors and third-party suppliers to encourage their compliance with this Code as appropriate and when applicable. In addition, as mentioned above in the preamble, the ICE SF data and tools includes offerings from third-party providers, and we engage with them as appropriate.

2. Human Resource Development

ESG evaluation and data providers should secure necessary professional human resources to ensure the quality of the evaluations and data provision services they provide, and should develop their own professional skills.

Guideline 2.1: Collecting and analyzing information necessary to provide appropriate evaluation and data, and maintaining necessary professional resources and technologies to make relevant decisions.

In the production of its SF data and tools, ICE is committed to maintaining professional resources and technologies necessary to collecting and analyzing information, and conducting quality controls.

Guideline 2.2: In particular, taking necessary measures to ensure personnel engaged in ESG evaluation and data would have professional knowledge and carry out their duties in good faith.

ICE has a dedicated data quality team that is made up of ESG subject matter experts and industry/sector specialists. These individuals have ESG/sustainability educational backgrounds and/or extensive industry experience.

Guideline 2.3: Considering the nature of personnel evaluations that would appropriately evaluate personnel who engage in professional evaluations and working for providing high-quality evaluations.

ICE is committed to providing its clients with high quality SF data and tools, and regularly monitors and reviews its personnel's performance for adherence to ICE's quality standards.

Guideline 2.4: Recognizing, as top management of the institution, that securing and developing human resources is important element for continuously providing high quality evaluations, and taking actions as necessary.

ICE's senior leadership team is committed to securing and developing human resources across the entire organization, and view this as an important element in our commitment towards providing high quality products across ICE Data Services, including ICE's SF data and tools.

3. Ensuring Independence and Managing Conflicts of Interest

ESG evaluation and data providers should establish effective policies so that they can independently make decisions and appropriately address conflicts of interest that may arise from their organization and ownership, business, investment and funding, and compensation for their officers and employees, etc. With regard to conflicts of interest, providers should identify their own activities and situations that could undermine the independence, objectivity, and neutrality of their business, and avoid potential conflicts of interest or appropriately manage and reduce the risk of conflict of interest.

Guideline 3.1: Identifying potential conflicts of interest that may affect the assessment and analysis conducted by the provider or its employees with respect to the services provided, and then establishing and disclosing effective policies to avoid, or appropriately manage and reduce the risk of, the conflict of interest.

ICE has robust conflict of interest mitigation policies and procedures at the corporate level. ICE's Global Code of Business Conduct for all employees includes mandatory employee trainings and stringent gift and entertainment policies. The Global Code of Business Conduct applies to its employees, directors, consultants and contractors and clearly sets out the process by which conflicts of interest are identified, reported and managed. ICE conducts annual training for its employees on its Global Code of Business Conduct.

Guideline 3.2: Taking appropriate measures to ensure that other business relationship with a company subject to ESG evaluation or data does not affect the ESG evaluation or data, such as establishing a firewall between sales and evaluation divisions.

As described above in Guideline 3.1, ICE has robust conflict of interest mitigation procedures at the corporate level. ICE is continuing to assess whether any specific procedures are necessary unique to its SF team activities.

Guideline 3.3: In cases evaluations are developed through questionnaire, paying attention to the contents and structure of service and questionnaire, so that they would principally be no such situation where the content of the questionnaire is unreasonably too complicated or difficult to understand and effectively respond without using the provider's paid services.

ICE does not collect data through the use of questionnaires at this time.

Guideline 3.4: Taking appropriate steps to prevent their employees from engaging in securities or derivatives transactions that could create conflicts of interest with ESG evaluation and data provision services.

Due to the nature of ICE's business, ICE has robust trading policies and procedures managed through its Global Code of Business Conduct for all employees as described above under Guideline 3.1. We have assessed the application of these procedures to our SF data and tools business and determined they are appropriate.

Guideline 3.5: Developing appropriate work and compensation structures for its own employees, and avoiding, or appropriately managing and reducing the risk of, potential conflicts of interest related to ESG evaluation and data provision services. For example, as necessary, assigning a staff member to conduct evaluation, separate from the staff member responsible for sales of ESG evaluation and data services.

As described above, ICE has taken, and continues to take, appropriate steps to manage and reduce the risk of potential conflicts of interest related to its SF data and tools.

Guideline 3.6: Establishing measures to ensure that existing business relationship with companies subject to ESG evaluation and data provision does not affect the evaluation to the companies.

As described above under Guideline 3.1, ICE has robust policies and procedures in place to mitigate conflicts of interest across its business activities.

Guideline 3.7: For the issuer pay model where compensation is received from the company subject to the evaluation, implementing detailed procedures to avoid conflicts of interest.

Guideline 3.8: In cases where the same provider provides both the subscriber-pay-model businesses and the issuer-pay-model businesses, taking appropriate measures to prevent conflicts of interest in this regard.

Neither Guideline 3.7 nor 3.8 are applicable to ICE.

4. Ensuring Transparency

ESG evaluation and data providers should recognize that ensuring transparency is an essential and prioritized issue, and publicly clarify their basic approach in providing services, such as the purpose and basic methodology of evaluations.

Methodologies and processes for formulating services should be sufficiently disclosed.

Guideline 4.1: While giving necessary consideration to intellectual property, etc., ensuring the transparency of their services by recognizing that it is an essential and prioritized issue.

ICE supports transparency objectives across its products, and its SF data and tools are no exception. ICE recognizes that transparency is a fundamental issue for users of its SF data and tools and, as described further below, detailed methodology documentation for each ICE product is made available to clients upon request.

Guideline 4.2: In order for users of ESG evaluation and data provision services to understand the basic contents of the services, including what the evaluation aims to capture and how this is measured, disclosing the basic approach for providing services, including the purpose and basic methodology of evaluation.

ICE provides clients with detailed methodology documentation for its SF data and tools with detail to understand the measurement objectives, the use of estimates, when applicable, an overview of its data collections and inputs, and an outline of the procedures used to create the output values.

Guideline 4.3: In order to enable users and companies subject to evaluation to understand the basic structure of the evaluation, disclosing sufficient information on the methodologies and processes for formulating the evaluation, including any major updates on them, if any. When inquiries are received from companies subject to evaluation through a contact point, providing careful explanations to the extent practically possible.

In addition to the detailed methodology documentation described above in our response to guideline 4.2, ICE supports a robust data challenge process to enable issuers and clients to route data inquiries to our operation teams. Publicly sources documents are made available as part of the validation process when applicable.

Guideline 4.4: Disclosing the sources of information that are used in the development of ESG evaluation and data. In particular, if estimated data is used, disclosing this fact and the basic methodology of estimation. If data sources and/or items are diverse or of great numbers, doing these in a reasonable scope and manner, such as by consolidating or limiting the scope, reflecting their importance and usefulness.

ICE methodology documentation for its SF data and tools includes an overview of the sources of information used, as well as transparency when estimated or proxy data is used to fill in the gaps. These documents provide an overview of the estimation methodology when applicable.

Guideline 4.5: Disclosing, in an easy-to-understand manner, the purpose, concept, and basic methodology of the evaluation; doing this in a reasonable scope and manner, such as by consolidating or limiting the scope, taking into consideration a provider's situation and the importance and relevance of individual items. The items are for example the following:

ICE methodology documentation for its SF data and tools discloses the purpose, measurement objecting, and a methodological overview in reasonable scope and manner. These documents cover the evaluation process, certain dates relevant to the disclosures (e.g., what year's sustainability report the data may be based on), coverage statistics, and a summary of our review processes. Information on changes is provided to clients as appropriate through communication channels such as client advisories.

5. Confidentiality

ESG evaluation and data providers should establish policies and procedures to appropriately protect non-public information obtained in the course of business.

Guideline 5.1: Establishing, disclosing and implementing the policies and procedures to protect information provided as confidential in the course of ESG evaluation and data services.

Guideline 5.2: Establishing, disclosing, and implementing the policies and procedures so that such confidential information will be used in accordance with the purpose of provision and not for the purposes other than ESG evaluation and data services, unless otherwise agreed.

Neither Guideline 5.1 nor 5.2 are applicable to ICE. ICE is not in receipt of non-public confidential information that is used as inputs into our SF data and tools. If ICE were to receive non-public information, its robust corporate policies and procedures designed would safeguard against the misuse of such information.

6. Communication With Companies

ESG evaluation and data providers should devise and improve the way they gather information from companies so that the process becomes efficient for both service providers and companies or necessary information can be sufficiently obtained.

When important or reasonable issues related to information source are raised by companies subject to evaluation, ESG evaluation and data providers should appropriately respond to the issues.

Guideline 6.1: When and if collecting information through surveys from a company subject to evaluation, notifying the company of the collection period sufficiently in advance. If available and where appropriate, entering, prior to the request, information that is already known to the providers, such as those publicly disclosed or submitted in the past, then seeking verification by the company in question.

Guideline 6.2: Establishing a dedicated contact point where companies can send inquiries and raise issues regarding ESG evaluation and data provision, and informing the companies concerned or posting it in an easy-to-find manner.

Neither Guideline 6.1 nor 6.2 are applicable to ICE.

Guideline 6.3: When disclosing the ESG evaluation and data, subject to the institution's evaluation methodologies and customer service policies, to the extent practically possible, expeditiously notifying or communicating to a company of the essential information sources of the evaluation and data, thereby allowing time for the company to check whether there are any significant deficiencies in the sources, such as factual errors.

All client inquiries on our SF data and tools are actively monitored by a dedicated team of data analysts throughout the day. Any inquiries received are added to a queue and reviewed in order of receipt. If questioned content can be located and/or validated against existing sources, the inquiry is generally closed the same day. Otherwise, analysts may reach out to verify with companies, as deemed appropriate. Clients will receive periodic updates until the inquiry is resolved.

Guideline 6.4: When a company subject to evaluation raises important or reasonable issues about the information source of evaluation and data, subject to its own evaluation methodologies and customer service policies, taking timely and appropriate measures such as allowing the company to at least assess the accuracy of the underlying important data and correcting errors if any.

ICE has appropriate escalation procedures in place to address inquiries about the accuracy of underlying data and products, inclusive of situations where the client is the issuer subject to the evaluation.

Guideline 6.5: As an ESG evaluation and data provider, disclosing a “procedures of engagement” regarding how it normally interacts with companies to be evaluated with respect to the evaluation and data it provides. The procedures would include elements such as when it request information from companies, when and what companies could check with, how they could raise issues if any, and how the provider would be able to respond to such issues.

Guideline 6.6: Subject to the providers’ evaluation methods and customer service policies, considering the necessity of managing conflict of interest, and to the extent practically possible, conducting constructive dialogue with companies to be evaluated (for example, by providing feedback on evaluation results).

ICE does not believe Guideline 6.5 nor 6.6 are applicable to its SF data and tools.

ICE’s data collections do not involve direct outreach to corporations. Instead, ICE uses publicly available information in its data collection and defined quantitative methodologies using statistical and mathematical formulae. In addition, ICE has extensive experience supporting its clients in their due diligence and oversight of ICE’s data products, and we leverage this experience to offer the same level of support to our sustainable finance data and tools clients. Finally, a corporation covered by ICE’s SF data and tools can engage with ICE as would any user, and we would support their inquiry in the same way.

Limitations

This document contains information that is proprietary property of Intercontinental Exchange, Inc. and/or its affiliates ("ICE Group"), is not to be published, reproduced, copied, disclosed or used without the express written consent of ICE Group. This document is provided for informational purposes only. The information contained herein is subject to change without notice and does not constitute any form of warranty, representation, or undertaking. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between ICE Group and its respective clients relating to any of the products or services described herein. Nothing herein is intended to constitute legal, tax, accounting or other professional advice or a representation that any investment or strategy is suitable or appropriate for any particular circumstances, or otherwise constitutes a recommendation to any person or entity, and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments.

ICE Group are not registered as nationally registered statistical rating organizations, nor should this information be construed to constitute an assessment of the creditworthiness of any company or financial instrument. GHG emissions information available is either compiled from publicly reported information or estimated, as indicated in the applicable product and services.

Trademarks of the ICE Group include: Intercontinental Exchange, ICE, ICE block design, NYSE, ICE Data Services, and New York Stock Exchange. Information regarding additional trademarks and intellectual property rights of Intercontinental Exchange, Inc. and/or its affiliates is located at <https://www.theice.com/terms-of-use>. Other products, services, or company names mentioned herein are the property of, and may be the service mark or trademark of, their respective owners.